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Statement of Rep. Henry A. Waxman on The Hurricane Katrina Accountability and Clean Contracting Bill September 20, 2005

Our nation has witnessed losses of a tragic scale along the Gulf Coast in the past few weeks. And people across the country have provided overwhelming support for the residents who face the difficult challenge of putting their lives and communities back together.

Congress too must do its part. One of our most important responsibilities is to provide the people of New Orleans and the Gulf Region the support they need to get back on their feet again. Already, we have committed \$62 billion in taxpayer dollars for relief and reconstruction in the Gulf Coast region. And the ultimate price tag is certain to be far higher.

But equally important is our responsibility to ensure that this money is well spent. We cannot allow greed, mismanagement, and cronyism to squander billions of taxpayer dollars as has happened too often over the last five years.

That is why I am pleased to join the Democratic Leader today in introducing legislation that would ensure that the Bush Administration is accountable for hurricane relief and reconstruction spending.

The Bush Administration has a disastrous track record when it comes to managing large federal contracts. Over the last five years, spending on no-bid contracts has skyrocketed. Oversight of federal contracts has been turned over to private companies with blatant conflicts of interest. And when government auditors and whistleblowers do flag abuses, their recommendations are often ignored.

In Iraq, billions have been appropriated for the reconstruction effort, yet oil and electricity production remain below prewar levels. Waste, fraud, and abuse by Halliburton and other contractors have squandered hundreds of millions of taxpayer dollars.

And domestically, the record is no better. The FBI spent \$170 million on a "Virtual Case File" system that does not work. The Department of Homeland Security spent another \$200 million on a border-monitoring system of cameras and sensors that also doesn't work. And the contracts to hire federal airport screeners, to protect our ports from nuclear devices, and even to screen

baggage for explosives have all been plagued by poor management, flagrant abuses, and huge cost overruns.

A fact sheet that I am releasing today provides additional details about these and other procurement problems.

As examples of contract mismanagement have continued to mount, the Congress has failed to act as an effective check on these abuses. The partisan political imperative of shielding a Republican President has too often trumped Congress' constitutional obligation to conduct oversight.

The legislation we are introducing today is a long-overdue response to these abuses. It would ensure accountability in the Hurricane Katrina reconstruction effort.

The bill would establish an independent anti-fraud commission to prevent waste, fraud, and abuse in relief and recovery contracts.

Modeled after the bipartisan 9/11 commission, the ten-member Commission to Prevent Fraud and Abuse in the Response to Hurricane Katrina would have authority to call hearings, obtain documents and testimony, and issue subpoenas. The Commission would report evidence of waste, fraud, or market manipulation to Congress and the President in real time.

In addition, the bill also would increase transparency and accountability to the public and Congress. It would require the creation of a public database containing key information about Hurricane Katrina-related contracts. It also would require the Administration to disclose contract overcharges and other information necessary for effective oversight.

And the bill contains essential reforms needed to prevent contract abuses and promote efficiency. It would ban monopoly contracts like those that have been awarded to Halliburton in Iraq. It would prohibit hiring contractors with conflicts of interest to conduct contract oversight.

And it would finally close the revolving door between federal agencies and private contractors. Contractors who enter government service would not be able to issue contracts to their former employers for five years. And gaping loopholes in the current law — such as the provision that allows contractors to give lucrative lobbying contracts to procurement officials — would be closed.

Finally, the bill would repeal the unwise measure Congress recently enacted that raised the threshold from \$15,000 to \$250,000 for Hurricane Katrina-related purchases with government issued credit cards.

I urge my colleagues to support this legislation. We need to make sure that federal contracts are awarded based on competence and integrity instead of cronyism and greed. And at long last, we need to start putting the interests of the taxpayer ahead of those of the private contractor.